

Message Text

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TO AMEMBASSY CANBERRA PRIORITY

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AMEMBASSY SAIGON

AMEMBASSY VIENTIANE

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C O N F I D E N T I A L STATE 192069

E.O. 11652: GDS

TAGS: EAID, XC

SUBJECT: INDOCHINA DONORS' MEETING

REFERENCES: STATE 177407(NOTAL); STATE 109166

1. ON AUGUST 19 IBRD AND ADB ISSUED NOTIFICATION OF MEETING OF INDOCHINA DONORS' GROUP TO BE HELD AT IBRD PARIS HEADQUARTERS ON OCTOBER 17. NOTIFICATION WENT TO EXECUTIVE DIRECTORS OF AUSTRALIA, BELGIUM, CANADA, DENMARK, FINLAND, FRANCE, FRG, ITALY, JAPAN, NETHERLANDS, NEW ZEALAND, NORWAY, SWEDEN, UK, U.S. AND TO SWISS EMBASSY, UN, UNDP, AND IMF.

2. IBRD HOPES THAT IBRD/IMF ANNUAL MEETING IN WASHINGTON SEPTEMBER 29-OCTOBER 4 WILL PROVIDE FURTHER OPPORTUNITY TO CONSULT AMONG PARTICIPANTS. EMBASSIES IN DONOR CAPITALS SHOULD MAKE HIGH-LEVEL REPRESENTATION TO HOST GOVERNMENTS TO EXPLAIN U-S. POSITION AS OUTLINED BELOW AND TO INQUIRE ABOUT HOST GOVERNMENTS ATTITUDES AND INTENTIONS. EMBASSIES (EXCEPT SCANDINAVIAN POSTS) ARE REQUESTED TO URGE ATTENDANCE, PARTICIPATION, AND SUPPORT OF U.S. OBJECTIVES IN FORMATION DONOR GROUPS FOR BOTH LAOS AND SOUTH VIETNAM. SCANDINAVIAN POSTS SHOULD TAILOR PRESENTATION TO DISSUADE HOST GOVERNMENTS FROM OBSTRUCTIONIST TACTICS.

3. FOR VIENTIANE: IBRD INFORMED PGNU OF PARIS MEETING. WE ASSUME PGNU WELCOMES FORMATION OF INFORMAL CONSULTATIVE GROUP FOR LAOS. WOULD LIKE TO HAVE EMBASSY ASCERTAIN THIS AND ARGUE FOR IT ALONG LINES THIS MESSAGE. IF ANY PROBLEMS, PLEASE ADVISE US (AND ADDRESSEE POSTS) PROMPTLY.

4. FOR SAIGON: WE WOULD LIKE TO URGE THAT GVN SEEK SUPPORT FOR FORMATION SUB-GROUP FOR SOUTH VIETNAM THROUGH
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APPROACH TO EMBASSIES IN SAIGON AND DIRECTLY TO EUROPEAN GOVERNMENTS.

5. NOTIFICATION REFERS TO OCTOBER 1973 MEETING AND AGREEMENT THEN REACHED TO MEET AGAIN, ALSO TO MEETING SCHEDULED AND POSTPONED IN FEBRUARY THIS YEAR. MEETING IS INTENDED TO PERMIT EXCHANGE OF VIEWS ON ECONOMIC CONDITIONS OF THE COUNTRIES OF INDOCHINA, THEIR PROSPECTS

OF FURTHER RECONSTRUCTION AND DEVELOPMENT, AND THE STATUS OF DONORS' AID PROGRAMS AND PLANS. NOTIFICATION ALSO REFERS TO COMMENTS MADE ON LAOS DURING OCTOBER 1973 MEETINGS AND SUGGESTS THAT PARTICIPANTS MAY WISH TO TAKE DUE STOCK OF DEVELOPMENTS THERE; A REPORT ON LAO ECONOMY HAS BEEN CIRCULATED BY ADB.

6. AS ADDRESSEE POSTS ARE AWARE FEBRUARY MEETING WAS POSTPONED BECAUSE SEVERAL POTENTIAL DONORS FELT MEETING COULD NOT BE SUCCESSFUL IN LIGHT OF DEFEAT OF IDA REPLENISHMENT IN HOUSE OF REPS AND PREOCCUPATION WITH ENERGY CRISIS. IN MEANTIME, U.S. AUTHORIZATION BILL FOR U.S. CONTRIBUTION TO IDA REPLENISHMENT PASSED BOTH HOUSES AND SIGNED BY PRESIDENT FORD AUGUST 14. WE ARE NOW SEEKING AN "INTENT TO APPROPRIATE" CLAUSE TO BE ATTACHED TO CONFERENCE REPORT OF AID APPROPRIATIONS BILL. THIS WOULD ALLOW US OFFICIALLY TO INFORM IBRD THAT U.S. WILL BE PROVIDING REPLENISHMENT FUNDS. IN LIGHT OF THESE DEVELOPMENTS, IBRD PRESIDENT MCNAMARA AGREED THAT TIME IS PROPITIOUS TO CALL MEETING.

7. ADDRESSEE POSTS ARE ALSO AWARE THAT ENERGY CRISIS AT BEGINNING OF YEAR AND ADVERSE U.S. ACTION ON IDA REPLENISHMENT WERE NOT ONLY PROBLEMS THAT FACED FORMATION OF OVERALL INDOCHINA DONORS GROUP WITH SUB-GROUPS FOR RVN AND LAOS. SOME POTENTIAL DONORS WISHED TO PROVIDE AID "EVEN-HANDEDLY" TO NORTH AND SOUTH; SCANDINAVIANS AND ESPECIALLY SWEDES WERE AGAINST IBRD PROVIDING ANY ASSISTANCE TO SOUTH VIETNAM AND CALLING MEETING FOR THAT PURPOSE. STILL OTHERS WERE CONCERNED ABOUT MILITARY, POLITICAL AND ECONOMIC STABILITY OF REGION.

8. U.S. STRONGLY SUPPORTS PROPOSED MEETING. SUFFICIENT
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PROGRESS TOWARD RECONSTRUCTION HAS BEEN MADE IN BOTH COUNTRIES, DESPITE CONTINUED FIGHTING IN VN AND CURRENT POLITICAL UNCERTAINTY IN LAOS, TO WARRANT BEGINNING OF MULTILATERAL EFFORT. SUCH MULTILATERAL APPROACH WOULD BE SIGNIFICANT DEMONSTRATION OF INTERNATIONAL SUPPORT FOR PEACE, STABILITY, AND DEVELOPMENT IN REGION, WOULD FACILITATE COORDINATION AND MORE EFFECTIVE USE OF BILATERAL AID (WHICH ALREADY FLOWS FROM MORE THAN HALF DOZEN NON-U.S. DONORS (E.G. JAPAN, GERMANY, FRANCE, AUSTRALIA, CANADA, DENMARK, NETHERLANDS, ETC.) IN AMOUNTS CLOSE TO \$200 MILLION) AND WOULD INCREASE LEVERAGE FOR PURSUING SOUND ECONOMIC POLICIES AND DEVELOPMENT PLANS BY GVN AND PGNU.

9. WE EXPECT MEETING TO ENDORSE FORMATION OF CONSULTATIVE

SUB-GROUPS FOR VIETNAM AND LAOS UNDER AUSPICES OF IBRD AND ADB, RESPECTIVELY. MEMBERSHIP IN SUB-GROUPS WOULD MEET FOR CONSULTATION AND COORDINATION OF BILATERAL ASSISTANCE AS DEEMED NECESSARY BY SPONSORING ORGANIZATION AND MEMBER DONORS. WE WISH TO BE ACCOMMODATING TO MAXIMUM EXTENT REGARDING ORGANIZATIONAL STRUCTURE; IT IS OUR UNDERSTANDING THAT FRENCH GOVERNMENT ATTACHES PARTICULAR IMPORTANCE TO INFORMAL AND FLEXIBLE ARRANGEMENT. FORMATION OF SUB-GROUPS WILL NOT RESULT IN REDUCTION OF U.S. AID LEVEL.

10. U.S. POLICY REMAINS SAME ON AID TO DRV OR ON HUMANITARIAN RELIEF TO AREAS UNDER "PRG" CONTROL. COUNTRIES WISHING TO PROVIDE AID TO DRV BILATERALLY SHOULD KEEP IN MIND THAT SUCH AID SHOULD NOT PROVIDE INCENTIVE FOR PROTRACTED AND INCREASING VIOLATION OF PARIS AGREEMENTS BY DRV. IF ANYTHING, WE HAVE INCREASED REASONS FOR HOLDING THESE VIEWS THAN LAST TIME WE ADDRESSED ISSUE. IF NECESSARY, EMBASSIES MAY POINT OUT THAT U.S. DOES NOT OPPOSE FORMATION OF DONORS' SUB-GROUP FOR NORTH VIETNAM, ALTHOUGH WE WOULD NOT JOIN. PROBLEM IS THAT DRV DOES NOT WISH TO BE MEMBER OF IBRD, NOR HAS DRV SHOWN INTEREST IN MULTILATERAL AID. ON OTHER HAND, GVN RECOGNIZES UTILITY OF IBRD APPROACH, DESIRES MULTILATERAL ASSISTANCE AND HAS REQUESTED FORMATION OF CONSULTATIVE DONORS' SUB-GROUP. U.S. BELIEVES THAT GVN DIRECTION
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SHOULD NOT BE BLOCKED SIMPLY BECAUSE DRV DOES NOT DESIRE SIMILAR ORGANIZATION. KISSINGER

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